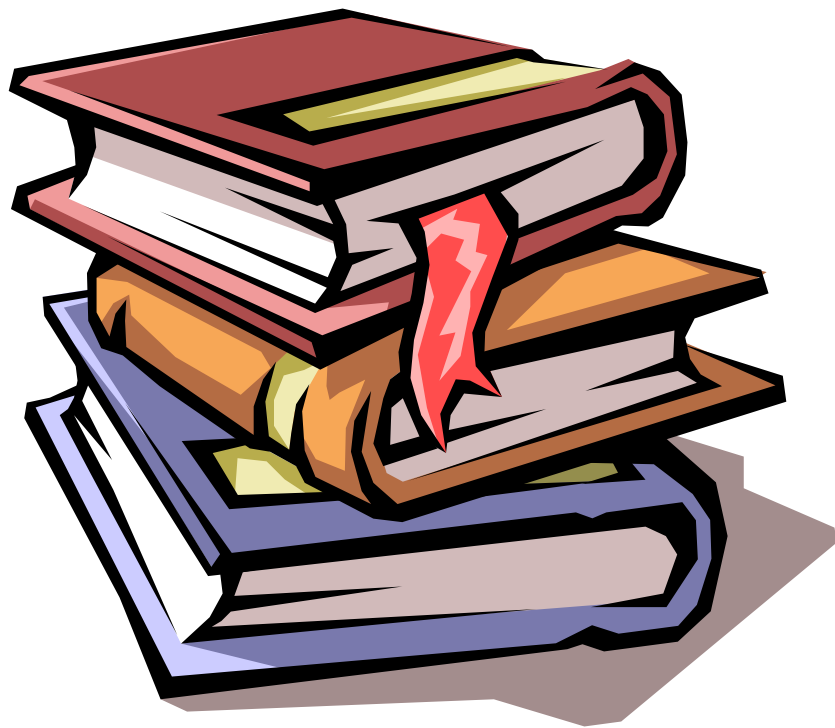


FY 03
Soldier's Guidance
For
Health Professional Loan Repayment
Program



AMEDD Incentive Office
1 Reserve Way
St Louis, MO 63132-5200
1-800-325-4729, option 5

Health Professional Loan Repayment Program

INTRODUCTION

This booklet is designed to be a "user-friendly" guide to the Health Professional Loan Repayment Program (HPLR). Hopefully, it will answer most of your questions and help you understand your benefits.

It is not intended to replace Department of the Army policy on HPLR. For specific questions on individual soldier's eligibility, please refer to [AR 135-7, Chapter 7](#).

Keep this booklet and refer to it when you have questions on HPLR. If you follow the steps outlined, you will receive maximum benefits from HPLR with minimal difficulty. HPLR can and does work. Make it work for you!!

WHAT IS HPLR?

HPLR is a program that helps you pay on the **principal** of your educational loans. When used properly, this program allows you to greatly reduce or even completely eliminate your educational debts.

AM I ELIGIBLE FOR HPLR?

For each year of satisfactory service in the Selected Reserve, the Government will repay designated loans ([AR 135-7, Chapter 7-2](#)) for an officer who:

- a. Is a Selected Reserve soldier.
- b. Is in good professional standing, has a current, valid license/certification and is qualified in a health care specialty area.
- c. Remains in the Selective Reserve in good standing.
- d. Is qualified and is performing in a critical wartime specialty (determined each fiscal year).

TO QUALIFY FOR HPLR YOU MUST:

...Complete a [DA Form 5536-R](#) (HPLR Agreement) **and** the amendment to [DA Form 5536-R, ARPC Form 4117](#), to be eligible for the \$50,000 program.

...Original signatures are needed on both forms in order to further process.

Verify through your chain of command that you qualify for HPLR prior to beginning the form procedure!

HOW DO I KNOW IF I HAVE HPLR?

Remember, HPLR is an incentive that you may select at the time you commission as an officer into the United States Army. You may elect to use HPLR at anytime during your military career if your specialty (AOC) is on the current Critical Wartime Specialty List. You will either have been given a copy of your contractual agreement or one may have been placed in your file. Contact your Unit Administrator (TPU soldiers), or poc (NAAD soldiers) to determine your eligibility. You may also contact the Incentives office, AR-PERSCOM.

WHICH LOANS ARE ELIGIBLE TO BE REPAYED?

The following loans qualify for HPLR repayment:

- Stafford Loans - also called Guaranteed Student Loans.
- Federally Insured Student Loans (FISL).
- Perkins Loan (formerly National Defense Student Loan and National Direct Student Loans (NDSL))
- Auxiliary Loans to Assist Student (ALAS).

- Supplemental Loans for Students (SLS)
- Consolidated Loan Program (CLP).
- SMART Loans.
- Other loans used for educational purposes as specified in [AR 135-7, Chapter 7](#).

WHAT FORMS DO I NEED?

HPLR payments are not automatic. You must submit the paperwork each year so that a payment will be made. Keep in close contact with your unit administrator if TPU, your poc for NAAD or the Incentives office at AR-PERSCOM if Individual Mobilization Augmentee.

Here is what you will need:

1. DD FORM 2475 (DEC 2000), ANNUAL APPLICATION FOR LOAN REPAYMENT

This form has three sections that must be completed by you, your unit administrator and your loan holder. If you have more than one loan, you will need to submit a [DD Form 2475](#) for each loan.

2. PROMISSORY NOTE

You must give your unit administrator a clear, legible copy of the original promissory note you signed for each student loan. It cannot be a loan disclosure statement or a repayment schedule only. If you do not have a copy of your note, ask your lender or loan servicer to give you a copy. Lenders are usually willing to cooperate if they know this will help get the loan repaid quickly. If your loans have been consolidated, you **must** provide copies of your original notes prior to consolidation.

3. DA FORM 5536-R (CONTRACT) AND STUDENT

LOAN ADDENDUM

A copy of your addendum must be attached to your HPLR repayment packet. If AOC is not stated, include documentation of the AOC at the time soldier executed the addendum. This shows that you selected HPLR and that you are eligible to participate in the program. (View and download [Amendment to DA Form 5536-R.](#))

You should start working with your contact person about three months before your anniversary date. This will give you time to complete the paperwork, send it to your loan holder and get it back.

Remember that all your loan paperwork needs to be completed before it can be submitted for payment. All of your eligible loans should be submitted at the same time so equal distribution of payment can be made. Submit completed paperwork on or after your anniversary date to:

Directorate of Business Services,
ATTN: AFRC-FM-BSR-RM (SLRP)
Ft McCoy, WI. 54656

HOW MUCH ENTITLEMENT WILL BE DISBURSED?

The total amount of money available to you under HPLR depends on the year you contracted.

Your HPLR amount, either \$20,000 if before 17 October 1998 or \$50,000 if after 17 October 1998, is the maximum that can be paid on the principal of your student loans by the Army Reserve. It does not necessarily mean that you will receive the whole amount during this one contract. Nor does it mean that you will never have to make any payments on your student loans. It just means that there is the potential for that much money to be paid. The amount you actually receive depends on how many student loans you have and how old they are.

Remember, your maximum HPLR amount is a **one time** opportunity for your entire Reserve military career. It is not a

maximum per contract. Effective 17 October 1998, if you are eligible for \$20,000 in loan repayment that amount will not be increased when you sign another contract. It is a one time total amount.

Keep in mind, too, that if you do not participate/train satisfactory, change your AOC, your duty position, or transfer out of the selected reserves (TPU or IMA) in the USAR your HPLR amount will be terminated.

IS THE ENTITLEMENT DISBURSED AT ONCE?

Each year a portion of your student loans will be repaid to the financial institution. The amount paid each year is based on loans submitted for payment and date of eligibility of HPLR (before or after 17 October 1998) annotated on the [DD Form 2475](#). The maximum payment is either \$3000.00 or \$20,000.00.

It helps if you think of HPLR as a pie. With HPLR you have a pie worth \$20,000 or \$50,000. Each year you are eligible to have a piece of the pie given to your loan holders. If you have more than one loan holder, your piece of the pie will be divided among the loan holders, provided all notes are submitted at one time.

For example, if you have 2 student loans totaling \$20,000, your yearly HPLR payment (your piece of pie) would be \$10,000 each on the principal. If both loans were held by one bank, all the money would go to that bank. If, however, each loan was held by a different bank, the payment would be split and each bank would get \$10,000.

WHEN ARE HPLR PAYMENTS MADE?

HPLR payments are made each year on or after your anniversary date. Anniversary date is determined when you are accessed into the system. For example, if you signed your contract May 15, 2000 and were accessed into the system on August 15, you would be eligible for a payment each August 15, provided that you had a qualifying student loan and continued to perform in a qualifying

AOC. Upon receipt of your orders, it is beneficial to confirm your anniversary date with your TPU, NAAD, or Incentives Office (AR-PERSCOM). Your student loan must be a year old on your anniversary date in order to be eligible for a payment.

HPLR payments are based on your status as a Reserve Soldier. The Army Reserve makes a payment for each year of satisfactory service that you complete.

WHO GETS THE MONEY?

HPLR payments are made directly to the bank or loan holder. Payments are not made to you. In addition, any money you pay towards your student loans will not be repaid to you by the Army Reserve. It is in your interest to work with your loan holder. If at all possible, get the loan holder to accept one principal payment per year. If your loan holder still wants payments from you, try to make the minimum payment that the loan holder will accept.

It is important to note that HPLR payments are taxable income. The money paid on your student loans will be reported to the Internal Revenue Service as part of your Reserve income. You should receive a separate W-2 for your HPLR entitlement. This is another reason to submit the paperwork each year for HPLR. If you wait until you submit for more than 1 qualifying years' payments in one year, you will be taxed on all that extra money at once. On the other hand, yearly HPLR payments will have a much smaller impact on your taxable income. To view pay on your W-2, go to the [myPay Web site](#).

CAN HPLR BE TERMINATED?

HPLR can be terminated at any time for a variety of reasons. The most common reason is for separating from the Selected Reserve (TPU or IMA). Refer to [AR 135-7, Chapter 1](#) for further guidance on Termination or see the Termination Section of your [DA 5536-R Contract](#).

You need to be certain that you understand how any changes to your Reserve Status can impact your HPLR participation.

NATIONAL GUARD SOLDIERS WHO TRANSFER TO THE RESERVE

If a soldier received HPLR while in the National Guard, does he/she continue to be eligible upon transfer to the Reserve?

-The Army Reserve will honor National Guard Health Professional Loan Repayment Contracts for soldiers who transfer to the Reserve into a Critical Wartime Specialty on the current fiscal year list. Soldiers who transfer from National Guard to Reserve must provide copies of HPLR payments or statement of non-payment from the National Guard.

-Payments will only be made for the time the soldier serves in the Reserve. The National Guard would have to make any payments due during the soldier's tenure in that component.

WHAT SHOULD I TELL THE BANK?

You should inform your bank or loan holder that you are participating in the HPLR. You should work with them and, if at all possible, make arrangements to postpone any payments until the Army Reserve makes its payment. This way you will receive the maximum HPLR benefit and at the same time ensure your loan does not become delinquent.

Keep in mind that you are ultimately responsible for repaying your student loans. Being a HPLR participant does not relieve you of that responsibility. Do not ignore your lender just because "the Army is going to pay." Do not let your loans become delinquent or go into default. If you do, your credit rating will be negatively affected. You could be denied consumer credit, such as a car loan or a mortgage because of delinquent or defaulted student loans.

There are a few important terms you should know and understand when dealing with your bank or loan servicer. These are:

deferment, forbearance, capitalized interest, and advance payment. The next few pages will explain these terms and how they interact with HPLR.

CAN I GET A DEFERMENT?

A deferment is an approved postponement of payment on a student loan for a specific period of time. During a deferment, interest does not accrue on subsidized Stafford and Perkins loans. Interest does accrue on unsubsidized Stafford Loans, Supplemental Loans for Students (SLS) and Parent Loans for Undergraduate Students (PLUS). You may be required to make interest payments during the deferment period on these loans.

The Department of Education has established specific criteria or requirements for deferment. If you meet the criteria, the loan holder must grant a deferment. On the other hand if you do not meet the criteria a loan holder cannot give you a deferment. The most common types of deferment are: in school, unemployment, and economic hardship. In some cases, active military duty also qualifies for a deferment. However, Reserve service, which is not active duty, does not qualify for a military deferment. Talk to your lender about a deferment if you think you are eligible. If you are not eligible for a deferment then you should inquire about forbearance.

WHAT IS FORBEARANCE?

Forbearance is an approved postponement of payment on a student loan for a specific period of time. Forbearance is usually granted for 3 to 6 months at a time. At the end of 6 months, you must request another forbearance.

Forbearance is generally granted to someone who is "willing but unable to pay" as a way of preventing delinquent and defaulted student loans. You must keep in mind that forbearance is granted at the discretion of the lender or loan servicer. The loan holder does not have to grant forbearance and if the lender will not grant forbearance, you will be required to make payments on your student loans even though the Government will not reimburse you.

During periods of forbearance, interest accrues on all loans and you are responsible for paying it. Usually, when forbearance is granted lenders require the interest be paid either monthly or quarterly. In some cases, the lenders will agree to capitalize the interest. Under these circumstances, the interest that accrues during that time is calculated and added to the principle. This is called capitalized interest. For example, if you have a PLUS loan for \$4000 and you choose to capitalize the interest for one year, the amount of interest that accrues on that loan during that one year, (\$250.00 eg.), would be added to the principle. Your principle balance would now be \$4,250.00. From that point on, the amount of interest due will be calculated on this amount.

Keep in mind that the Reserve calculates its yearly payment on the original principle balance of the loan. The payment is not calculated on the capitalized principle balance. Capitalized interest will be paid as long as it is indicated in Section III of the [DD Form 2475](#). If capitalized interest is not reported as interest, it will not be paid by the Army and you will ultimately be responsible for payment.

Remember, all requests for deferment or forbearance must be made by you, not your unit, and the request must be made in writing. Ask your lender for a deferment or forbearance application. Also, you are required to keep making payments until you receive written notification from your bank or loan servicer that a deferment or forbearance has been granted. If you stop making payments before a deferment or forbearance has been granted, your loans could become delinquent or go into default.

CAN I STOP MAKING LOAN PAYMENTS?

You should request that the lender or loan servicer use the Army Reserve payment to replace your monthly student loan payment. Lenders usually call this "prepaying the loan" or "advancing the payments." In other words, you must request that the lender spread the Army's payment out over time so that you do not have to make the payments. For example, if you are paying \$70 per

month on your student loan and the Army Reserve makes a payment of \$20,000, you should request that your payments be advanced ten months. It is very important that you make this request. If you do not, your lender is required by Department of Education regulations to apply the HPLR payment in full to your next payment. Under these circumstances the Army's payment would count as 1 payment and you will have to continue making monthly payments.

If the Army's payment does not cover the entire year you have two options. You can make the remaining payments or you can request forbearance until the Army makes another payment. In the example given above, the Army's payment covers 10 months so you could make two payments yourself or you could request forbearance for 6 months until the Army makes another payment. It is your responsibility to make these arrangements with your lender or loan servicer. Your request for advance payment, like requests for deferment and forbearance, must be made in writing.

WHAT ARE MY RESPONSIBILITIES?

HPLR is a great educational benefit. However, in order for it to work, you, the individual soldier, must take the initiative and accept a certain amount of responsibility. Some guidelines to follow are:

1. Keep good records. Get good, legible copies of your promissory notes. Give a copy of them to your point of contact and keep a copy at home.
2. Keep the unit/NAAD/IMA (AP-PERSCOM) updated.
3. Remind the unit/NAAD/IMA (AR-PERSCOM) that your anniversary is coming up and that you are eligible for a HPLR payment.
4. Work with your point of contact to complete the [DD Form 2475](#). You must complete Section I to include account numbers and the names and addresses of your loan holders.
5. Keep copies of all correspondence you receive from your lenders. You should also keep copies of everything you send to your lenders.
6. Check with your point of contact on the progress of your paperwork.

7. Written correspondence will be sent to your unit when your paperwork has been processed by Fort McCoy.
8. Work with your loan holders. Keep them informed of your participation in the HPLR. Do not ignore the letters and calls. Respond to them, preferably in writing. Keep copies of all correspondence.
9. Do not let your loans become delinquent and go into default. Request a deferment or forbearance, whichever is appropriate.

10. Remember, be proactive and show some initiative. Be a responsible soldier/student/borrower.
11. Help your unit administrator/NAAD poc/IMA (AR-PERSCOM).
12. Work with your loan holders and keep them informed on the payment process. This way your loans will remain current and you will establish (and maintain) good credit.
13. Remember, if you have a problem with your student loan be sure to contact your UA or if no UA is available go through your RSC's education office. **Use your chain of command** wisely.

With a little effort, the HPLR can and will work for you!